Association of Bay Area Governments
Bay Area Air Quality Management District
Metropolitan Transportation Commission

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Joint Policy Committee

January 28, 2004
1:00 PM to 3:00 PM
MetroCenter Auditorium
101 Eighth Street
Oakland, California

AGENDA

1.   Welcome, Introductions and Opening Remarks

2.   Approval of Joint Policy Committee Meeting Minutes of December 17,   Action
     2004

3.   Consolidation Requirements of Bill 849 (attached)   Discussion
     Staff has prepared a discussion paper containing some initial ideas in
     response to the requirement that the JPC analyze the feasibility of
     consolidating functions separately performed by ABAG and MTC.
     We are seeking feedback from the Committee on what ideas (if any)
     should be pursued further, what additional ideas you would like us to
     investigate and what other information would be helpful in your
     consideration of consolidation options.

4.   Multi-family Development in the Bay Area (attached)   Information
     Provided for the Committee's information, this is a progress report on
     one key aspect of smart growth. The data will be used as part of a
     larger smart-growth monitoring effort. The information can also help
     identify areas requiring special attention and areas from which we
     might learn lessons about smart growth success.

5.   Other Business

6.   Public Comment

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Joint Policy Committee

ITEM #2

Minutes of the Meeting of December 17, 2004
Held at 10:00 a.m. in Nile Hall, Preservation Park, Oakland

Attendance:

ABAG Members:	BAAQMD Members:	MTC Members:
Jane Brunner	Chris Daly	Mark DeSaulnier
Dave Cortese	Erin Garner	Steve Kinsey
Mark Green	Patrick Kwok	Sue Lempert
Scott Haggerty, Ch.	Gayle Uilkema	John McLemore
Rose Jacobs Gibson		Jon Rubin
Steve Rabinowitsh		Shelia Young
Gwen Regalia		

ABAG Staff:	BAAQMD Staff:	MTC Staff:
Paul Fassinger	Jean Roggenkamp	Evelyn Baker
Henry Gardner		Steve Heminger
Patricia Jones		Doug Kimsey
Janet McBride		Rebecca Long
Kenneth Moy		Therese McMillan

Other:

    Eva Alexis, League of Women Voters
    Linda Craig, League of Women Voters
    Melisa Joshi, Caltrans Planning
    Sherman Lewis
    Peter Lydon
    Val Menotti, BART
    Kate O'Hara, Greenbelt Alliance
    David Schonbrunn, TRANSDEF
    Janet Spilman, SCTA
    Leslie Stewart, Bay Area Monitor

JPC Staff:
    Ted Droettboom

1.   Welcome and Opening Remarks

        The chair opened the meeting with a welcome, and those in attendance introduced themselves.

2.   Approval of Joint Policy Committee Meeting Minutes of November 19, 2004

        The minutes of the previous meeting were approved.

3.   Transportation 2030

Ashley Nguyen, manager of the 2005 Regional Transportation Plan (RTP) work, summarized the new final-draft plan. Her presentation emphasized the role of new land-use assumptions, the resultant modal splits and environmental impact. Information on the RTP and the associated Environmental Impact Report (EIR) is available at http://t2030.mtc.ca.gov.

Discussion centered on the implications for non-automotive travel (i.e., transit, walking and biking). As automobile trips are so dominant in the current overall travel picture, significant changes in the percentage modal split are very difficult to achieve. For example, a one-percent reduction in automobile usage requires a twenty-percent increase in transit ridership. The RTP analysis, particularly the work on the TRANSDEF alternative, shows that land-use and pricing policies can be most effective in influencing travel choices. Open questions are the acceptability and feasibility of various policy choices.

4.   Advocating the Regional Interest through Major Plan and Project Review

Ted Droettboom summarized the staff report on this matter.

Committee feedback was mixed. Some members indicated that regional comment, both positive and negative, would be welcome in their jurisdictions. Others thought that regional intervention would not be appreciated and would be treated as outsider meddling. Proponents argued that, even if unwelcome, regional oversight was required to remind localities of the bigger picture: regional, sub-regional and super-regional. They also argued that the ability to positively consider all alternative perspectives was a healthy characteristic of mature local development processes.

Some members also believed that a formal vision confirmation process was also needed. It would encourage local appreciation and consciousness of the regional interest. These members argued that we should pursue every opportunity to remind localities of their effect on and obligation to the Bay Area as a whole. We needed to continually enhance regional consciousness and get support for the region on the record.

The idea of trying out regional review on a few pilot projects was suggested. The Dumbarton rail project, including associated land-use changes, was offered as one such pilot project where we could test the utility of regional review and comment. One member suggested, however, that we needed more specific criteria than the *Preamble and Policies for*

Smart Growth if we expected to add anything more than clichés to the local discourse.

Other members reminded the Committee that there was a great deal to be learned regionally by examining local success stories for best practices and disseminating these to others in the region. The preparation of model codes was one way of positively pursuing the regional interest at the local level. Awards and checklists were suggested, as well.

The sub-regional review of local projects was vetted as a possible model, as a way of pursuing regional interests and driving down regional consciousness without necessarily having to take projects up to the context of the entire Bay Area. This could be more expeditious and would build on a procedure already in place for some CMAs, particularly relating to sub-regional trip generation.

Finally, it was emphasized that whatever we did, we needed to get in early for maximum impact. It was much more difficult to influence a local plan or project after dollars, time, and effort have been sunk into detailed project planning and environmental review.

The recommendations in the staff memo were not voted upon. Staff will report back at a future meeting with revised concepts reflecting Committee comments.

5.   Meeting Frequency and Length

It was agreed that:

- The Committee would continue meeting monthly through June, 2005, at which time the meeting frequency would be reviewed;
- Meeting lengths should not exceed two hours and should be shorter if possible;
- Staff presentations should be concise, particularly if accompanied by a written report, so as to maximize the time available for Committee discussion.

6.   Other Business

Committee members Brunner, Green, Haggerty, Lempert, McLemore, and Rabinowitsh volunteered to sit on a sub-committee to assist with TOD outreach program early in 2005.

7.   Public Comment

>   Public comment occurred in the context of the listed agenda items and is summarized in the discussion of those items.

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Joint Policy Committee / Regional Planning Program

ITEM #3

Date: January 13, 2004

To: Joint Policy Committee

From: Regional Planning Program Director

Subject: Consolidation Requirements of Bill 849

SB 849 (Torlakson) requires that:

> *The joint policy committee shall prepare a report analyzing the feasibility of consolidating functions separately performed by ABAG and MTC. The report shall be reviewed and approved by MTC and the ABAG executive board and submitted to the Legislature by January 1, 2006.*

This memo, prepared with the Executive Directors of ABAG and MTC, records our initial thoughts on consolidation. It is not a proposal, but a set of initial ideas intended to stimulate discussion with the JPC. We are prepared to assist the JPC in preparing recommendations for the Commission and for the ABAG Executive Board in time for submission to the Legislature no later than the beginning of 2006.

We note that while SB 849 stipulates that the JPC consider consolidating functions performed by ABAG and MTC, there is nothing in the legislation preventing the Committee from also considering amalgamation with BAAQMD functions, or for that matter with functions performed by any other agency.

Legislative Intent

To gain a fuller understanding of possible legislative intent, in addition to looking at SB 849, we have reviewed earlier failed legislation (SB 1243) from the same author and have talked directly to Senator Torlakson about his motivations.

When it was first introduced on January 7, 2002, SB 1243 contained relatively modest requirements, described simply in the intent statement as follows:

> *...it is the intent of the Legislature in enacting this section that the feasibility of combining [MTC] and ABAG into San Francisco Bay Area Regional Government Commission be studied in order to increase government efficiency, streamline operations, coordinate agency functions, and develop a regional vision for economic growth, transportation, housing, employment, and other issues that affect quality of life for bay area residents.*

In service of that intent, the bill merely required:

> [MTC] shall meet with ABAG for the purpose of conducting a study on the feasibility of merging the functions of the commission and those of ABAG into a new regional government commission…

At the end of the 2002 session, SB 1243 effectively died in the Assembly for lack of action. Along the way, it was substantially amended to become much more lengthy and onerous. We quote from the amended bill at length:

> …There is hereby created, as a local area planning agency and not as a part of the executive branch of the state government, the Regional Growth Council…as part of the Metropolitan Transportation Commission…[which] assumes former statutory responsibilities for land use designated to the Association of Bay Area Governments, including the following:
>
> (1) Planning for regional housing needs.
> (2) Participating in interregional partnerships…
>
> …The council shall have no authority over local land use. Nothing in this section shall be construed to limit or interfere with the land-use powers exercised by local governments…
>
> …The council shall use as a model for local-regional collaboration on housing and growth issues, the framework for Congestion Management Agencies…
>
> …On or before January 1, 2005, and each six years thereafter, the council shall adopt a long-range growth policy plan for the region that includes all of the following:
> (1) An alternative growth scenario recommended by the Smart Growth Strategy/Regional Livability Footprint Project, adopted by the Association of Bay Area Governments on or before July 1, 2003. The council shall revise the alternative growth scenario each six years thereafter. The council shall use the alternative growth scenario for the following purposes:
>   (A) As the basis for the housing and economic development policies included in the growth plan provided for in this section
>   (B) As the basis for the growth assumptions used to prepare the council's updates of the regional transportation plan to the extent that the assumptions are consistent with state and federal law governing the adoption of the regional transportation plan.
> (2) A statement that describes the current and projected conditions in this region. The statement shall include an analysis of the region's natural resources, environmental quality, population, economic development, and public infrastructure.
> (3) A set of goals, policies, and standards to guide the council's future decisions affecting the region's transportation and housing. These goals, policies, and standards shall reflect the statement of regional conditions.

(4) A set of goals, policies, and standards to do the following:
   (A) Achieve sustainable development of a better jobs-housing balance.
   (B) Develop a better provision of the range of housing and total supply.
   (C) Develop more affordable housing.
   (D) Improve the transportation network.
   (E) Preserve open space, agricultural land, and wildlife habitat.
   (F) Promote economic development.
   (G) Strengthen cooperation and coordination between the nine Bay Area counties and adjoining counties, including, but not limited to, the Counties of San Joaquin, Stanislaus, Santa Cruz, San Benito, Yolo, and Sacramento.
(5) An action plan of feasible measures to implement the sets of goals, policies and standards…

…During the preparation and review of the long-range growth policy plan, the council shall consult with regional agencies, counties, and cities, as well as with groups with knowledge and experience in growth policies…

…council shall, as part of the regional growth policy planning process, develop recommendations to the Legislature on the most effective form of institutional framework needed to implement the goals and objectives of the regional plan.

SB 849 returns to more modest expectations:

…66536.1. (a) The joint policy committee shall prepare a report analyzing the feasibility of consolidating functions separately performed by ABAG and MTC. The report shall be reviewed and approved by MTC and the ABAG executive board and submitted to the Legislature by January 1, 2006…

…(c) The joint policy committee shall coordinate the development and drafting of major planning documents prepared by ABAG, MTC, and the Bay Area Air Quality Management District, including reviewing and commenting on major interim work products and the final draft comments prior to action by ABAG, MTC, and the Bay Area Air Quality Management District. These documents include, but are not limited to, the following:
(1) Beginning with the next plan update scheduled to be adopted in 2008, the regional transportation plan prepared by MTC and described in Section 66508 of the Government Code.
(2) The ABAG Housing Element planning process for regional housing needs pursuant to Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7.
*(3) The Bay Area Air Quality Management District's Ozone Attainment Plan and Clean Air Plan.*

We asked Senator Torlakson what he was expecting to achieve with SB 849. He answered simply, "Good government." He then elaborated that there were two principal objectives: (1) a regional planning system that genuinely dealt with the region's future as an integrated whole, not as a set of silos, and (2) administrative efficiency (i.e., a system without redundancy and duplication). We also asked him about what would be acceptable consolidation. He indicated that he was patient and would be satisfied with a modest start (even just the merger of some

internal service functions) if it were indicative of an honest effort to achieve real change over time.

Apparently, then, Senator Torlakson's objectives could be met in managed stages. The agencies need not achieve consolidation all at once. However, it is also clear from the Senator's comment on integration versus silos and from the breadth of substantive areas covered in both the original and the amended SB 1243 (e.g., housing, transportation, economic growth and development, population, open space, agricultural land, wildlife habitat, natural resources, public infrastructure and "other issues that affect the quality of life for bay area residents"), by the references to cooperation and coordination, and by the inclusion of the Air Quality District in SB 849, that he and the others that participated in drafting the legislation are, over the long term, seeking a broad, multi-sector approach to regional planning, This is not simply about coordinating housing and transportation planning. But, it is not fully comprehensive either. It is apparent that the emphasis is on physical growth and development. Though planning for social, cultural and public safety concerns is not excluded, it is not explicitly included either. The principal concern is about the physical distribution of public and private investment and the effect of that physical form on the quality of life and public costs.

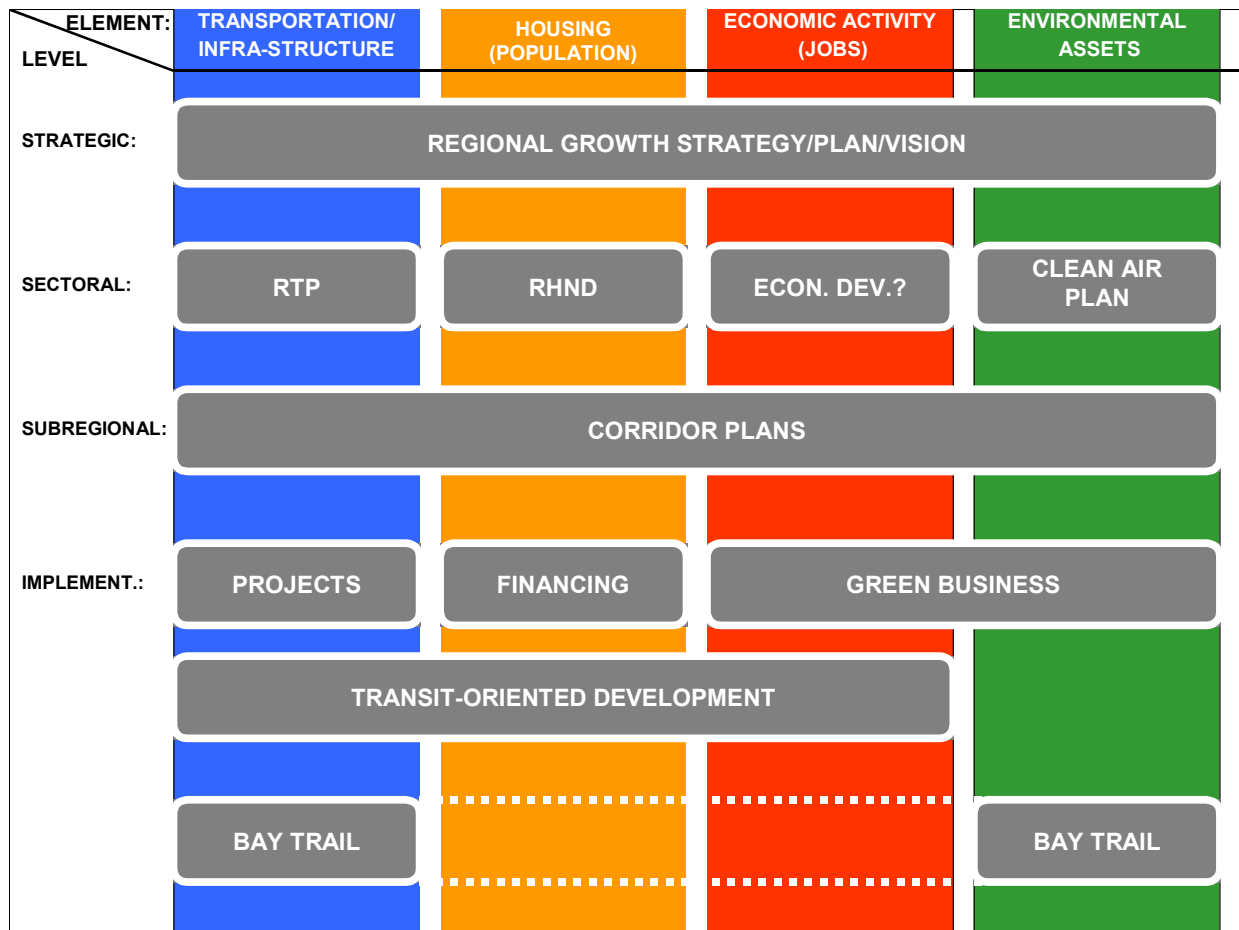A Regional Planning Model for Understanding Consolidation Issues

To understand how a consolidated physical planning function for the Bay Area might be constructed from present ABAG and MTC planning functions, we think it is helpful to employ the simple model I used to describe the present regional planning system to the JPC at its August meeting. You will recall that that model identified four interconnected elements that together encompass nearly all the concerns typically addressed in a regional physical planning program. As illustrated in the diagram to the right, these are (1) environmental assets (natural features and resources), (2) housing (the dwellings required by a regional population), (3) economic activity (which creates jobs at employment locations), and (4) transportation and infrastructure (the network of public facilities that ties together jobs and housing and serves the region's development).

FOUR KEY ELEMENTS

ENVIRONMENTAL ASSETS

HOUSING (POPULATION)

TRANSPORTATION/ INFRA-STRUCTURE

ECONOMIC ACTIVITY (JOBS)
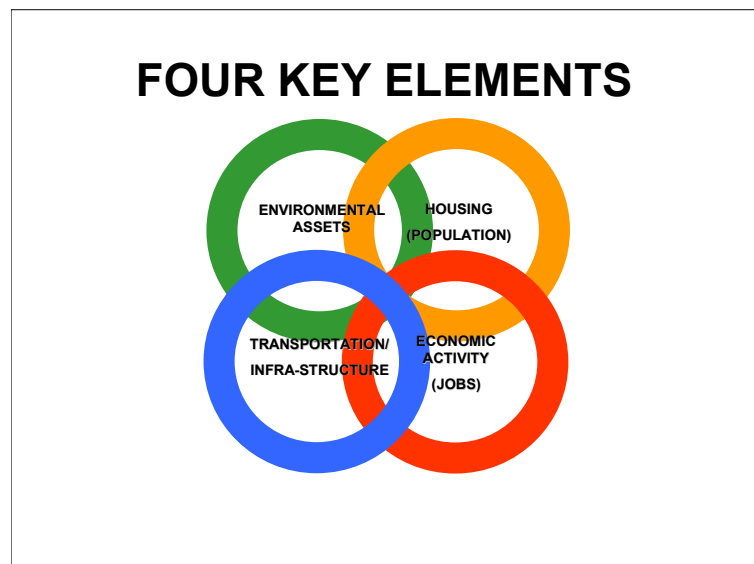
Turned on their sides, these elements appear (on the next page) as sectors of regional concern or *silos*, against which one can plot regional planning work. The silos can further be subdivided horizontally into different levels of planning specificity.

We have labeled the top level "strategic." This is the level of planning where we decide what we want to be when we grow up (i.e., the basic qualities we seek in the region), draw out broad, multi-sector courses of action (strategies) aimed at achieving our aspirations, and ensure that policy choices and resource allocations across all sectors are consistent with one another and focused on common, enduring goals.

Strategic level regional planning typically gets articulated in a variety of documents: regional strategic plans, regional growth strategies, regional comprehensive plans, or regional visions. The differences among the document types and titles largely boil down to arcane variations in planning theory and methodology. The most effective, in our view, are those that are relatively *simple* (they focus on no more than a half-dozen or so key concepts and ideas), *visualizable* (they theme into a compelling story or paint a memorable picture), *bold* (they confront the trend or business-as-normal in a less-than-subtle way), *enduring* (the key concepts are robust enough to continue to guide over the lengthy periods required to make a regional difference), and *shared* (they are grounded in a genuine consensus among key regional players).

ELEMENT: LEVEL	TRANSPORTATION/ INFRA-STRUCTURE	HOUSING (POPULATION)	ECONOMIC ACTIVITY (JOBS)	ENVIRONMENTAL ASSETS
STRATEGIC:	REGIONAL GROWTH STRATEGY/PLAN/VISION			
SECTORAL:	RTP	RHND	ECON. DEV.?	CLEAN AIR PLAN
SUBREGIONAL:	CORRIDOR PLANS			
IMPLEMENT.:	PROJECTS	FINANCING	GREEN BUSINESS	
	TRANSIT-ORIENTED DEVELOPMENT			
	BAY TRAIL			BAY TRAIL

There are two levels of regional planning which occur below strategic and ideally in service of the strategy. These are sectoral and sub-regional.

Sectoral plans are those that are region-wide in scope but that focus on a substantive cluster of very similar issues, concerns or objectives or on a set of alike investments and operations. The regional transportation plan (RTP) is an archetypical example of a sectoral plan, concentrating on one sector of regional concern, the transportation system, though it must interrelate with and occasionally require actions in other sectors (e.g., TOD). The regional air quality plan is similarly a sectoral plan. While it requires actions across all sectors and impacts all sectors, its focus and concentration is on a defined set of issues and goals within the environmental sector or "silo." The regional housing needs determination falls short of a complete sectoral plan, as it only deals with the intra-regional allocation of housing numbers, but it clearly confines its field of vision to one sector. At the moment, there does not appear to be a body of work within the economic activity sector that qualifies as a sector plan. Ideas are shared through the Bay Area Economic Forum and economic information is disseminated by ABAG and other agencies, but there is no coherent regional economic development policy or statement on the regional distribution of economic growth.

Sectoral plans facilitate strategy execution by providing the bridges between strategy and implementation. They are needed to get to a level of detail and specificity not possible in strategic plans, which to be effective must concentrate exclusively on a manageable set of big ideas. It is in sectoral plans that we articulate the particular subject-specific policies and investment packages required to pursue our strategic choices. Ideally sectoral plans should flow from and be consistent with a clear, shared regional growth strategy, and the plans should articulate the connection to the strategy in an explicit manner. The absence of a transparent relationship between sector plans and an integrative regional strategy is frequently perceived (usually correctly) as the absence of regional planning.

The direction of the relationship between sector plans and integrative strategy is, however, not one way. It is often in the development of sectoral plans that we test the feasibility of our strategy, and it is appropriate to iteratively modify and refine our strategy based on discoveries made in the process of formulating sectoral plans. The only requirements are that we do this deliberately and explicitly and with consideration for impact across the spectrum of all sectors included in our strategy. Clearly, too, our overall strategy is consistently responsive to and informed by the very real regional problems (e.g., traffic congestion, housing affordability, unemployment, dirty air, declining open space) which find their most direct and urgent expression within sectors—even though the solutions do not lie entirely within single sectors.

Sub-regional plans are inter-governmental or multi-jurisdictional plans which are prepared for geographic areas smaller than the entire region. They are integrative across more than one, though not necessarily all, sectors, and they are at a higher level of detail than is possible or desirable for the region as a whole. They are mechanisms for consolidating and reconciling specific local interests with one another and with the regional interest (as articulated in the strategy and in sectoral plans) and for executing regional plans in partnership with local governments. A good example of a sub-regional plan is a corridor plan such as that underway on El Camino Real or under consideration for San Pablo and East 14th. We would argue that inter-regional plans also fall into the sub-regional category, as they usually focus on a specific area of geographic interface and mediate specific intergovernmental objectives.

Implementation may occur within sectors or across sectors, depending on the specific implementation mechanism and its planning origins. Some example single and multi-sector implementations are illustrated in the diagram. There are many others.

Consolidation of Planning Functions

Obviously, the most logical planning activities for consolidation are those that occur over two or more sectors. These are principally at the strategic and sub-regional levels. While some implementation measures are also multi-sector, the depth of issues is often narrowly defined and the work is performed by specialists for whom organizational placement is either driven by the affinity of other specific projects or is irrelevant.

At the present time, sub-regional planning tends to be mostly *ad hoc* and ephemeral. It is usually done by one-off, multi-agency task forces for which long-term organizational placement is not an issue. Though it may be appropriate to place some administrative and coordinative resources in a consolidated planning function, sub-regional planning is not a major driver for consolidation.

In our view, the planning area in which consolidation makes most sense is what we have identified as strategic planning, the integrative, multi-sector activities occurring at the top of the silos. Relative to present agency planning functions, this includes the activities in ABAG related to comprehensive planning and/or smart growth and the activities in MTC related to transportation/land use policy and to smart growth. In terms of comparative resources, these are relatively small, albeit important, activities in both organizations. BAAQMD also devotes a small staff resource to like activities. Though BAAQMD is inexplicably outside the terms of reference in SB 849, there is nothing to prevent the JPC from also considering merging BAAQMD activities into a consolidated planning function. If the interest in integrative strategic planning grows, as it appears to be doing, then the sum of strategic planning resources will likely have to increase over time, but that decision need not be made now.

The consolidated strategic planning function would have seven main responsibilities:

1. To assist the JPC in maintaining and refining the strategic plan;

2. To undertake continuous strategic planning activities, such as progress monitoring;

3. To assist sectoral planning activities in pursuing and maintaining consistency with the strategic plan and with one another;

4. To work with local jurisdictions, facilitating understanding and commitment to the strategic plan, and encouraging local planning and implementation consistent with the strategy's key ideas;

5. To develop and advocate policies and practices in support of the strategy;

6. To practice continuous two-way communication and outreach with relevant interest groups and with the general public so as to promote wide understanding of the strategy,

to seek assistance in its pursuit, and to alert the strategic planning process to emerging issues;

7. To lead and participate in multi-sector sub-regional planning where appropriate.

There are at least three possible ways to consolidate strategic planning activity. The first is in a small separate agency created through a joint powers agreement (JPA) among the existing regional agencies: MTC, ABAG and possibly BAAQMD. The new agency would service the JPC, but report to a management board comprising the directors of the agencies which are party to the JPA. To reduce costs and redundancy, the new agency would likely contract for support services from one of the larger existing agencies. This arrangement is essentially an expansion of the Regional Planning Program Director's present role. Its principal advantage is that the new function would be perceived as independent from and not directly beholden to any one of the three parties to the agreement. Given the legacy of relationships and perceptions between two of the three agencies, this advantage is not easily dismissed. There may also be some labor relations benefits, as the new agency may be able to establish work rules and compensation schemes independently of those existing in ABAG and MTC. The two agencies currently have substantially different human resource climates.

The second possibility is to locate the consolidated function within ABAG. This would be consistent with ABAG's historic mandate and with its designation by the state and federal governments as the official <u>comprehensive</u> planning agency for the Bay Area. It may also help revive a core ABAG function that, for a variety of reasons, has receded in relative importance and visibility over the past many years. Clearly, as well, there are political and public relations advantages in having the nominal custodian of the regional strategy be an agency which has its roots in voluntary cooperation among local governments. Local governments will have, and will be seen to have, a stake in the regional strategy.

However, even if the function is located with ABAG, it should be formalized in a joint powers agreement making ABAG the agent or staff resource to a joint powers authority comprising at least two, if not all three, agencies on the JPC. This is to ensure that, for this function, the staff reporting relationship and accountability is unambiguously to the JPC and to its management representatives. The activities done on behalf of the JPC need to be clearly directed by the JPC, including ABAG, and cannot conflict or overlap with other activities done exclusively on behalf of the ABAG Executive. This is essential to restore and maintain regional-level trust and to make all regional agencies equal participants in the strategy to which their sectoral plans must conform. Making sure that the strategy is driven by the <u>regional</u> mandates of all participating agencies also helps elevate it to a more truly regional level and separate it from more parochial local objectives.

The principal problem with consolidating strategic planning activities within ABAG is a human resource issue. Moving MTC planning employees to ABAG would require the merging of dramatically different compensation plans and would likely be resisted by current MTC staff. Alternatively, MTC could transfer monetary resources to ABAG as the current strategic-level planning staff complement undergoes attrition. This, however, is likely to take a considerable amount of time and result in discontinuities over the lengthy transition period.

Locating integrative strategic planning in MTC would be a tough fit, given its present sectoral mandate and the increasing expansion of that mandate beyond planning and financing into areas of transportation operation.

A third possibility, either as a permanent or interim solution, is not to move staff and resources from any of the existing agencies but to achieve functional (as opposed to organizational) consolidation through multi-agency task-forces created through memorandums of understanding (MOUs) between or among the existing agencies. This would be similar to the arrangement under which the air quality plans are currently prepared. One of the agencies would take the lead on any planning project but would rely on explicit staff commitments from the other agency or agencies. Further, the project manager in the lead agency would report to a management committee comprising representatives of all participating agencies, ensuring that the full spectrum of regional interests was reflected in the project deliverables.

In addition to avoiding or at least postponing some of the human resource issues involved in organizational consolidation, this arrangement has the advantage of being extendable to facilitate collaboration on sectoral planning work as well as strategic-level plans. For example, the Regional Transportation Plan could be produced by a multi-agency task force, reporting to a multi-agency management committee. It would not be a nearly exclusive MTC product as at present. The principal issue is a resource allocation one: it is not clear that all the potential partners are currently capable of dedicating sufficient staff resources to participate in all planning activities to the level required to achieve genuine collaboration.

Consolidation of Support Functions

Were the strategic planning activity to be consolidated and separated from both ABAG's and MTC's sectoral planning activities, ancillary questions arise about the location of certain support functions that currently serve either ABAG's or MTC's planning functions.

The first and most obvious of these is the ABAG research function. In our opinion, the research function provides key integrative demographic, economic and land-use data and is most logically located with the strategic planning activity. This is particularly true if we are to continue to use a combination empirical and normative forecast (Projections 2003/2005) as an instrument of strategic regional policy.

While the MTC regional transportation modeling activity feeds data back into the population and land-use forecasts and helps inform some strategic choices, it is principally used to understand the impact of decisions within the transportation sector. While it is possible to conceive of more comprehensive regional simulations (People have been talking about and experimenting with grown-up Simcities for decades.), such applications still remain largely speculative. Given the bluntness of our policy instruments, the cost-effectiveness of elaborate multi-sector simulation is questionable. Modelling is mostly a transportation sector function and should remain so—at least for now.

There are other activities that service all planning, be it strategic, sectoral, sub-regional or implementation; and it may make sense to consolidate these for administrative efficiency and economies of scale. The ABAG-MTC library is a good existing example of this.

The library, however, is a relatively simple function in that it operates nearly as an economist's "public good." ABAG's use of the resource does not substantially diminish MTC's ability to use it and vice versa. For most other potentially shared services, there is a resource allocation or priority question. Who, for example, gets first dibs on a computer mapping technician's time if the Geographic Information System (GIS) function is shared? How does the technician decide among competing demands? There are a variety of ways of handling this dilemma—none of them entirely satisfactory. Time budgets and planned resource allocations or "loadings" could be established with consolidated planning work programs; the support functions could price, market and sell their services as internal consultants; or redundancy could be built into the system, either through the slight oversupply of services relative to anticipated demand or the ability to draw upon retained outside consultants in a pinch. It needs to be emphasized that issues around the dynamic allocation of support services already exist within agencies; they are merely amplified when sharing occurs between or among agencies.

Setting the allocation question aside for the moment—though noting we will need to either invent resolution mechanisms or rely on good will if we decide to pursue consolidation—some obvious candidates for merging are the aforementioned GIS, IT services, and the technical aspects of public communication, particularly graphics and layout.

For now, we would discourage the sharing of some other support services, like human resources and accounting, as there are usually system incompatibilities between these functions which are difficult, expensive and time-consuming to resolve. For example, in human resources: ABAG is a union shop; MTC is not; and salary and benefit packages are substantially different. Merger would likely require the maintenance of parallel systems for a number of years in any event, so they might as well remain separate until there is a better reason to join them.

If we consolidate some broad support functions like GIS, IT, or Graphics and they function like internal consultants or utilities, providing services on an equal, or at least a predetermined, basis to all comers, then their organizational location is relatively unimportant. They could be located in either ABAG or MTC, depending on which was administratively easiest.

Conclusion

This memo is a preliminary exploration of ABAG-MTC consolidation questions raised by SB 849. If it has done its job, it as raised as many questions as it has answered.

The memo suggests one possible model for understanding the consolidation issue. Interestingly, the model leads to only a relatively small realignment of ABAG and MTC planning resources. What is more significant and more consequential than the realignment of organizational resources is the acknowledgement of a hierarchy of planning responsibilities: a system of sectoral plans, sub-regional plans, and implementation measures that are required to be consistent with a shared, integrative strategy. This simple acknowledgement, and the strategic

planning work following from it, would be a major step toward coordinated regional planning. With the JPC and the *Smart Growth Strategy*, we are already very close to this model. The most difficult tasks are a few formal commitments.

There are undoubtedly many other possible models for organizing the regional planning function and multiple ways of constructing and deconstructing agency functions. We are, by no means, married to any of the ideas in this exploration. Our intent at this point is to stimulate discussion about feasible possibilities. We look forward to hearing the JPC's comments and ideas and working with you to produce a final proposal.

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Joint Policy Committee / Regional Planning Program

ITEM #4

Date: December 21, 2004

To: Joint Policy Committee

From: Regional Planning Program Director

Subject: Multi-family Development in the Bay Area

The initial JPC work program includes items related to the development of a smart-growth monitoring program and the identification of areas of focus for regional planning resources. In partial service of both work program objectives, I have constructed a data set which permits the tracking of multi-family development throughout the Bay Area. This memo, provided for the JPC's information, is a first summary look at that data set and what it can tell us about the quantity and character of housing growth in the Bay Area's counties and cities.

The data set is constructed from information collected by the U.S. Census. Base data are from the decennial census of population and housing and detail the distribution of existing single-family and multi-family housing units in the year 2000. Change data are from the Census Bureau's monthly survey of building permits issued by place (county or city). The data are subject to a number of qualifications, three of which require emphasis:

- Change data are based on building permits issued. It may be several months or years, if ever, before these permits result in actual housing starts or completions. A few small cities in Contra Costa County do not report permits to the Census Bureau.

- The Census does not differentiate between single-family detached and single-family attached. The attached "row house" form is counted as single-family, though many would regard it as a denser "multi-family" building style indicative of "smarter" growth. On the other hand, "multi-family" includes all units in buildings of two units or more and, therefore, includes duplexes which need not always be associated with higher land-use densities.

- The data for 2004 is based on the first ten months of the year. In some cases, localities have not kept up with the survey, and monthly data has been imputed by the Census Bureau based on established temporal patterns. For purposes of calculating annual rates, the 10-month 2004 data have been factored up to the yearly total which would result were the same monthly rate of permit issuance to continue to the end of the year.

Of course, multi-family development does not equate to "smart growth." There are many other factors involved in meeting the Bay Area's smart growth criteria. These include, for example,

location relative to transportation and other infrastructure, community design, mix of uses, and economic and social inclusiveness. However, it is difficult to conceive of smarter growth (and particularly in-fill development) in the Bay Area without higher densities, and that generally means multi-family housing. Multi-family housing is a necessary, though not sufficient, condition of smart growth. If we are not achieving multi-family housing, then we are almost certainly not achieving smart growth. Therefore, the multi-family proportion of new and existing development is a leading, albeit partial, indicator of how "smart" we are and how "smart" we are becoming.

The results to date are mixed, but generally heading in the right direction—with a few notable exceptions. However, we clearly can do more and will need to do more to achieve the regional vision.

This memo looks at new development from three viewpoints: as absolute growth, as growth rates and as comparative distributions (existing development versus new growth). Each view tells a slightly different story. The three views together tell a more complete story.

Absolute Growth

In the year 2000, the Bay Area contained 2,552,402 housing units. Of these, 950,764 (37.3%) were in multi-family buildings. The remaining 1,601,718 (62.7%) were in single-family dwellings. From 2000 through October 2004, 118,440 new housing units were permitted. Of these 48,726 (41.1%) were multi-family and 69,714 (58.9%) were single-family. The distribution of absolute growth by county is shown in this chart.

Absolute Number of New Housing Units Permitted, 2000-2004
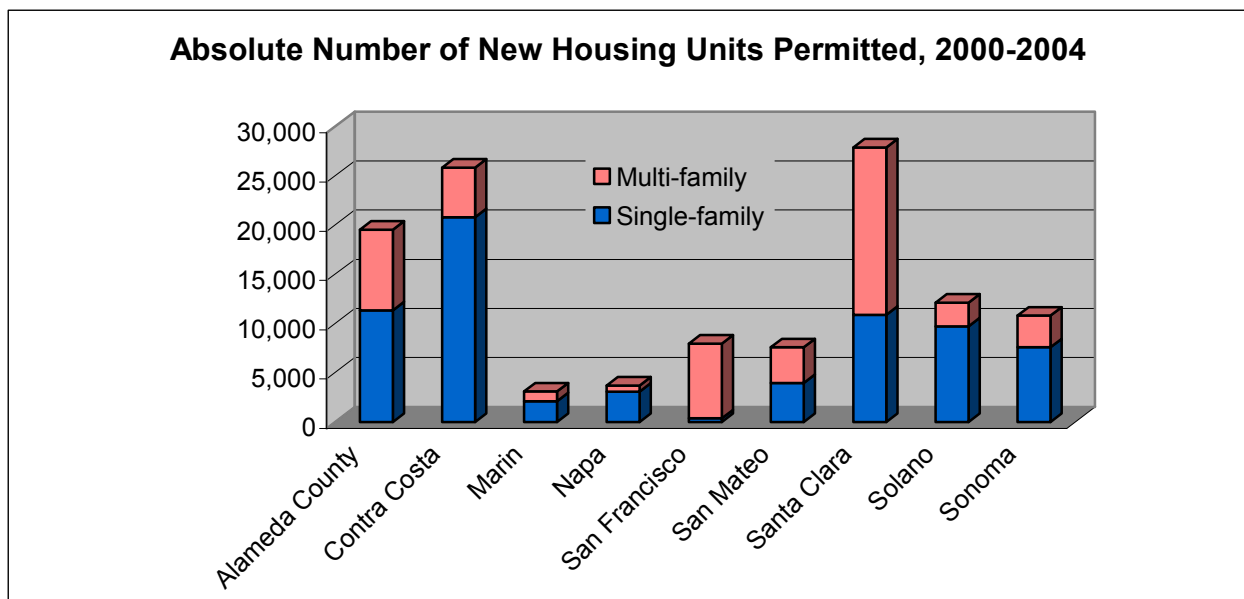
The preponderance of new growth has been in three counties: Alameda, Contra Costa and Santa Clara. Each county exhibits a markedly different distribution of growth between single-family and multi-family units. In Santa Clara, the dominant new housing type is multi-family. Contra Costa is nearly a mirror image, with the majority of new units being single-family. Alameda

splits the difference nearly down the middle. In the remaining counties, where growth is not as large, the dominant housing type continues to be single-family, except in San Francisco, which is nearly all multi-family and San Mateo which is producing about as many multi-family units as single-family homes.

Within counties, there are substantial variations by locality. The table in the Appendix provides a detailed breakdown of existing stock and growth numbers by locality.

Growth Rates

For purposes of this analysis, "growth rate" is defined as the annual issuance of new housing permits as a percentage of the housing units existing in 2000. Noting that some permits may not result in actual construction (particularly during the year of issuance), this number provides only a rough approximation of an annual, non-compounding growth rate. The chart below shows this rate for the region as whole for the years 2000 through 2004, including the relative contributions of potential single-family and multi-family construction.
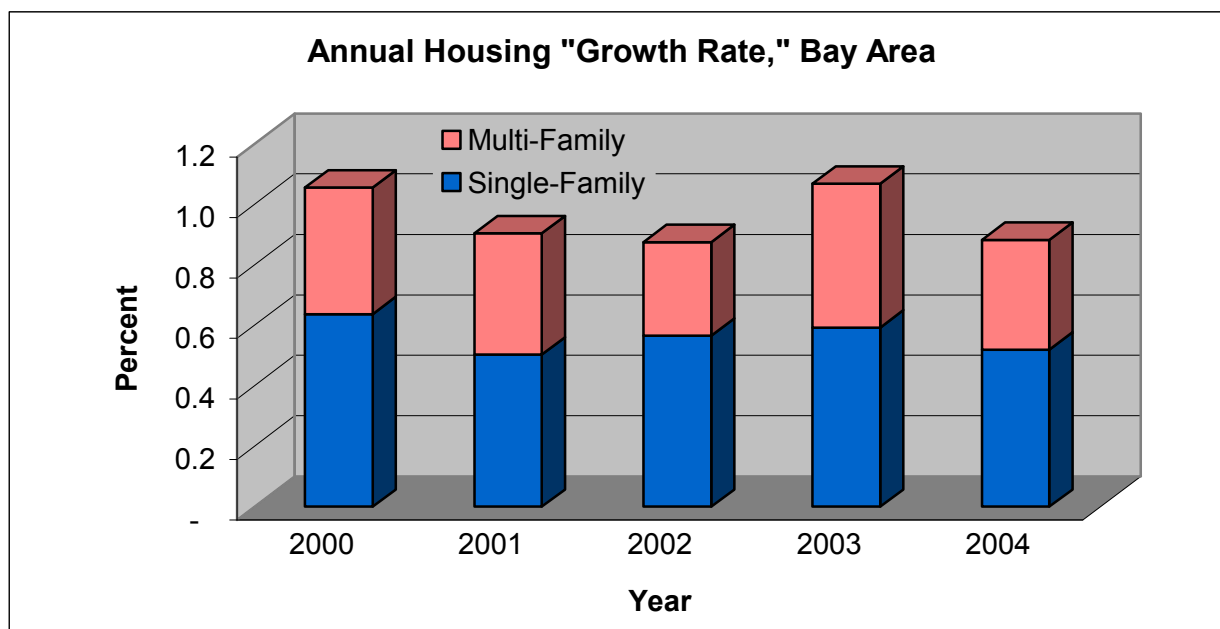
The principal message from this chart is the relatively low rate of overall housing growth over the past five years. ABAG's smart-growth-policy-based Projections 2005 calls for an annual non-compounding growth rate of just a little less than 1 percent between 2000 and 2030. For three of the past five years, we have not achieved that rate. The causes for this underperformance are many. Probably both temporary market factors, related to a persistent economic downturn, and structural factors, related to local fiscal and neighborhood change considerations, are at play. Regardless of the cause, we are not making rapid progress to reduce what many perceive as a housing supply gap in the Bay Area.

The next chart shows average annual growth rates by county. This highlights the rapidity of change relative to existing housing numbers in the more outlying suburban and rural counties.

Average Annual Housing "Growth Rate," 2000-2004
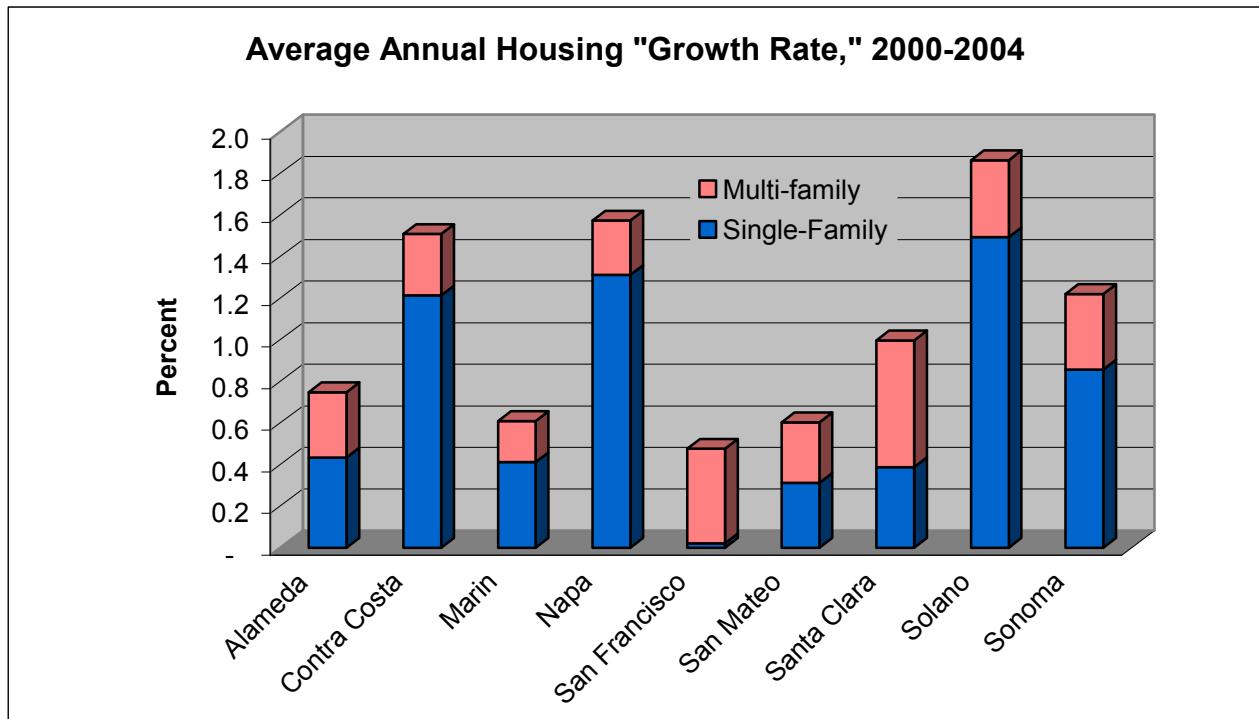
While absolute growth in most of these areas is relatively modest, the change which these counties are experiencing can be perceived as high, as it is large compared to the existing stock. The perceived change is amplified in some counties, as it occurs within a small number of specific areas: for example American Canyon within Napa County. For the most part, high relative growth is associated with single-family development. One county, Contra Costa, is experiencing both high absolute and high relative growth, and most of this growth is in the single-family sector. The magnitude and character of this growth should be of particular concern to smart-growth advocates.

Comparative Distributions: Existing versus New Development

The proportion of multi-family units in new development versus the proportion of multi-family in the existing housing stock is an important indicator of whether we are growing smarter or not. If new development has a higher relative multi-family component than the existing stock, then over time the region will become denser and therefore "smarter" (in its most simplistic sense). If, however, new growth is more characterized by single-family development than is the existing stock, then we are moving in the opposite direction, consuming land at a higher rate and potentially increasing all of the other problems associated with sprawl.

The chart at the top of the next page compares the proportion of multi-family units in the existing housing stock to the percent of multi-family units in newly permitted housing for the Bay Area as a whole for the years 2000 through 2004. In general, we appear to be growing smarter, but at a moderate and uneven pace.

Multi-family Units as Percent of All Housing Units, Bay Area
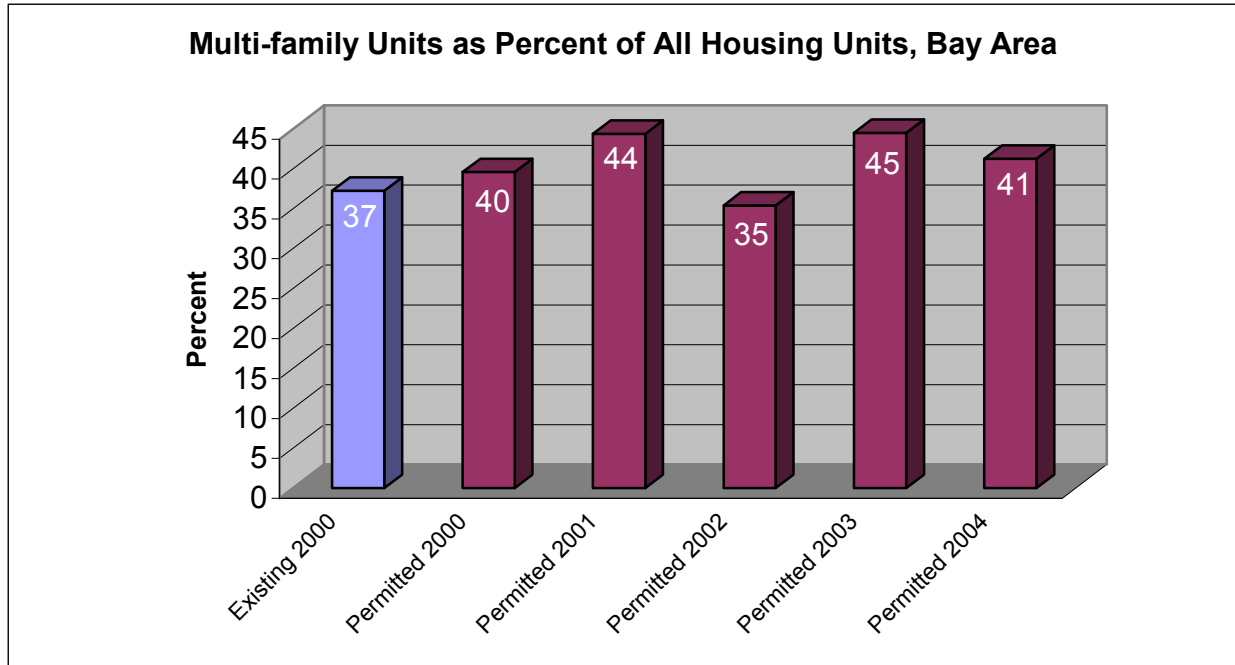
While over the region as whole we are growing only slightly smarter, some areas are increasing their proportion of multi-family stock at a much more rapid rate, thus contributing markedly to

Multi-family Units as Percent of All Housing Units by County
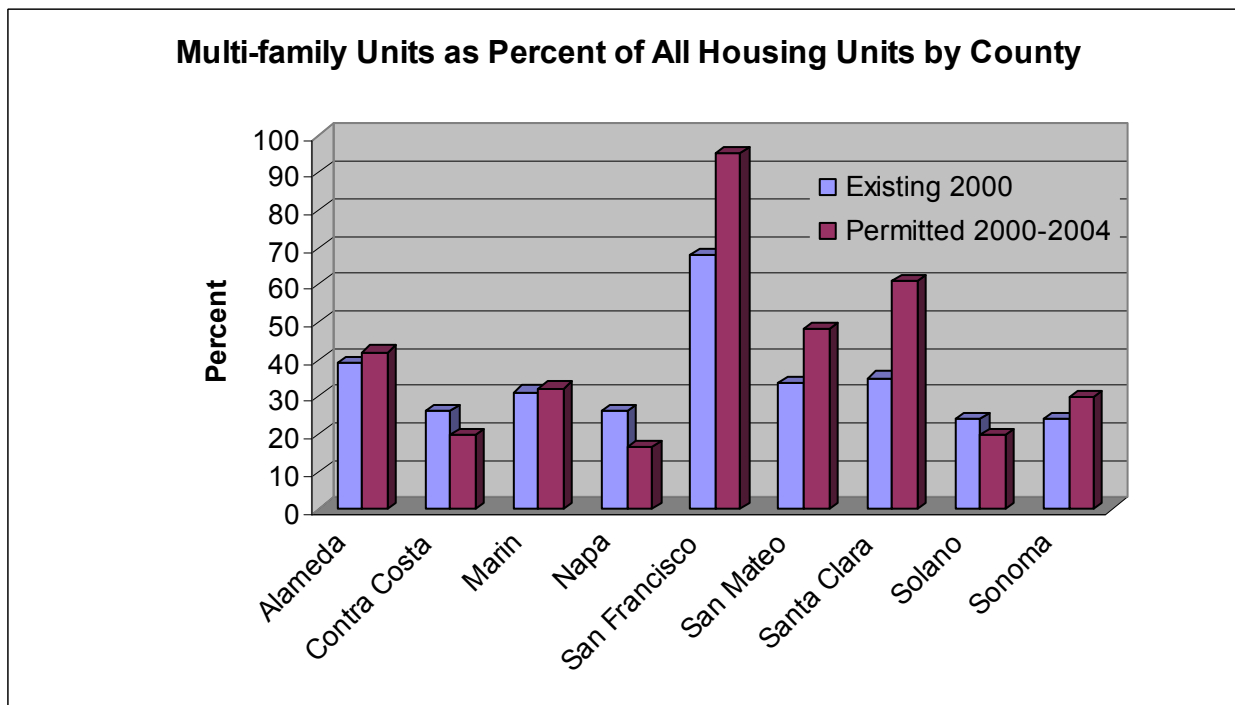
smart-growth objectives. The chart above compares the multi-family component of new growth across counties. The City and County of San Francisco clearly stands out in this comparison. Not only does it have a high existing proportion of multi-family development, it leads the region

in the proportion of its new growth composed of multi-family units (over ninety percent). Santa Clara County starts with a much lower base, but is also adding multi-family units at a good pace. San Mateo County, as well, is exhibiting a noticeable trend toward multi-family.

High performing localities are highlighted in the chart below, which lists the twelve areas with the greatest positive difference between existing and permitted proportion of multi-family units. The difference in some specific areas is spectacular. It is noteworthy that these high-performing localities are located within both high and low performing counties. Local policies and local market context would both appear to be in play.

Top 12 Jurisdictions Increasing Multi-family Units as Percent of All Units
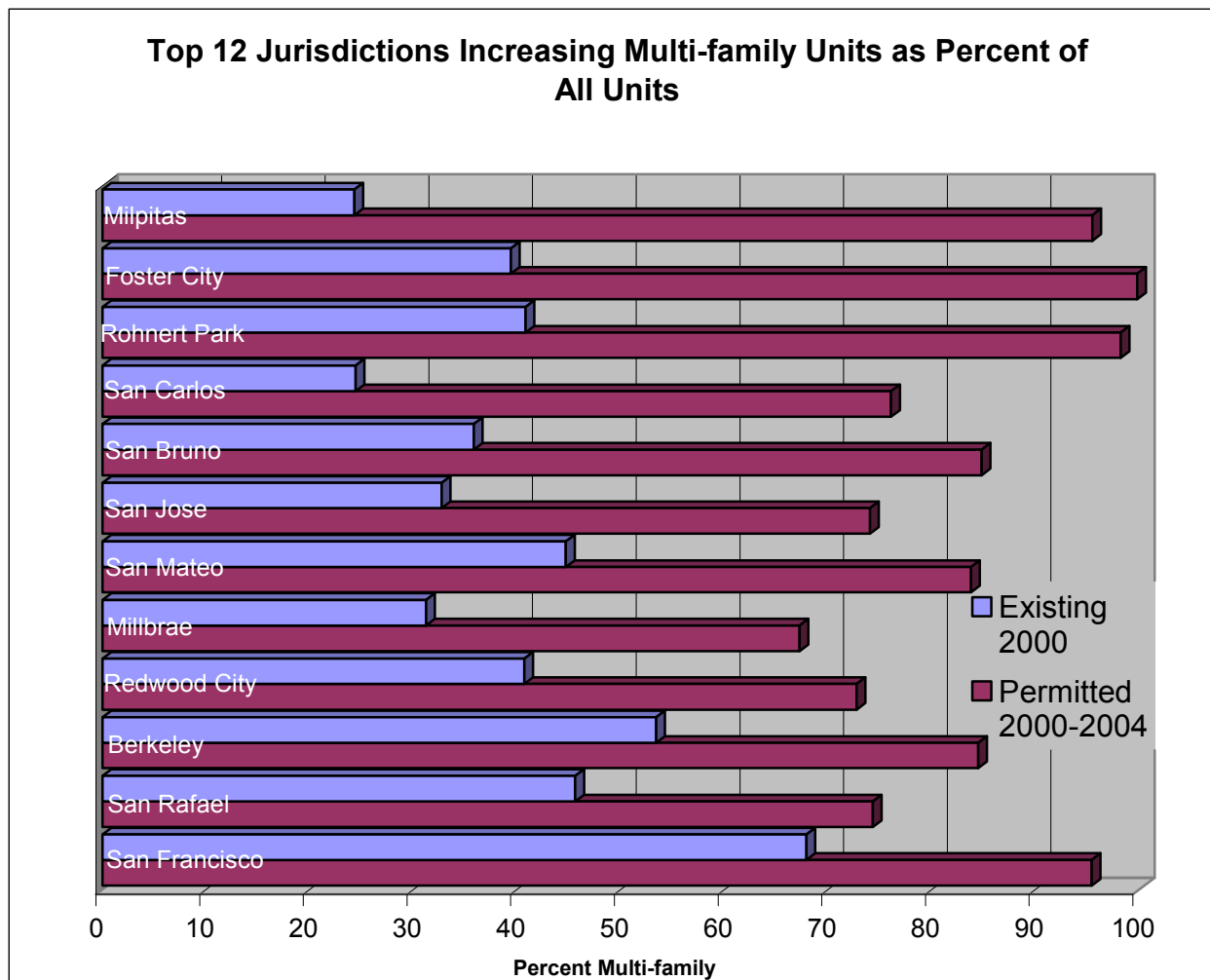
A number of other cities are also performing well. The table on the next page lists all the cities and unincorporated areas where the proportion of multi-family units in permitted housing exceeded the proportion of multi-family units in the existing stock. Notably, both urban places on the Bay Plain and some suburban municipalities in the farther reaches of the region are on this list.

Jurisdictions Increasing Proportion of Multi-family Housing Units

Jurisdiction	Percent Multi-family Existing 2000	Percent Multi-family Permitted 2000-2004
Milpitas	24	95
Foster City	39	100
Rohnert Park	41	98
San Carlos	24	76
San Bruno	36	85
San Jose	33	74
San Mateo	45	84
Millbrae	31	67
Redwood City	41	73
Berkeley	53	84
San Rafael	46	74
San Francisco	68	95
Saratoga	5	32
Petaluma	19	46
Dublin	28	54
South San Francisco	29	53
Danville	6	28
Pleasant Hill	30	49
Belmont	36	53
Cupertino	28	45
Napa	30	47
Pinole	19	35
Vacaville	25	41
Fremont	30	44
East Palo Alto	44	57
Oakland	50	63
Sebastopol	33	45
Emeryville	87	99
Half Moon Bay	24	36
Unincorp. Santa Clara County	20	31
Concord	34	45
Santa Clara	46	57
Union City	24	34
Benicia	26	35
Unincorp. Contra Costa County	21	30
Cotati	27	34
Sonoma	31	38
Dixon	14	20
Sunnyvale	54	60
Livermore	19	25
Richmond	35	40
Portola Valley	15	19
Hercules	14	17
Healdsburg	22	25
Walnut Creek	47	49
Sausalito	53	54
Unincorp. Alameda County	23	24
Oakley	7	8

Conclusion

While only about half of the region's localities are increasing their proportions of multi-family stock, the number of places that have been able to add substantial complements of new multi-family units is encouraging. This is particularly so given the relative lack of incentives, frequently cited fiscal disincentives, and pervasive NIMBYism. There are clearly some success stories from which the region and all its constituent local governments can learn.

Multi-family Housing Development
Bay Area, 2000-2004

Jurisidiction	Population (2000)	Total housing units (2000)	%Multi-family (2000)	Total Units permitted (2000-2004)	Annual "Growth Rate" (2000-2004)	Units permitted % multi-family (2000-2004)
Alameda County						
Alameda	72,259	31,644	47.2	248	0.2	26.6
Albany	16,444	7,248	45.4	47	0.1	25.5
Berkeley	102,743	46,875	53.4	605	0.3	84.5
Dublin	30,007	9,889	28.1	3,936	8.2	54.2
Emeryville	6,882	4,274	87.3	814	3.9	99.4
Fremont	203,413	69,452	29.9	1,051	0.3	44.0
Hayward	140,660	49,960	43.1	1,631	0.7	10.4
Livermore	73,841	26,550	19.2	2,660	2.1	24.7
Newark	42,471	13,150	22.6	255	0.4	0.8
Oakland	399,484	157,505	50.4	3,991	0.5	63.0
Piedmont	10,952	3,859	2.0	4	0.0	-
Pleasanton	65,058	23,987	23.5	1,468	1.3	14.2
San Leandro	79,452	31,300	33.2	641	0.4	0.3
Union City	66,883	18,862	24.1	1,162	1.3	34.3
Unincorp. Alameda County	133,192	45,628	23.0	999	0.5	24.0
Alameda County Total	1,443,741	540,183	39.0	19,512	0.7	42.0
Contra Costa County						
Antioch	91,293	30,166	19.4	3,676	2.5	10.0
Brentwood	24,385	7,767	13.1	6,541	17.4	3.3
Clayton	10,863	3,976	1.3	NA	NA	NA
Concord	124,467	44,967	33.9	1,352	0.6	45.0
Danville	42,958	15,336	6.3	303	0.4	28.1
El Cerrito	29,116	10,503	27.0	41	0.1	9.8
Hercules	19,497	6,502	13.7	1,627	5.2	17.5
Lafayette	25,334	9,213	16.8	NA	NA	NA
Martinez	42,061	14,637	21.3	289	0.4	1.4
Moraga	16,333	5,827	13.8	NA	NA	NA
Oakley	25,845	7,975	7.3	1,024	2.7	7.8
Orinda	17,599	6,753	4.6	NA	NA	NA
Pinole	30,806	6,888	19.1	133	0.4	35.3
Pittsburgh	77,479	18,379	27.7	2,131	2.4	23.9
Pleasant Hill	39,186	14,047	30.1	416	0.6	48.6
Richmond	119,443	36,151	35.1	1,740	1.0	39.8
San Pablo	30,215	9,339	47.6	402	0.9	35.1
San Ramon	44,834	17,425	27.6	374	0.4	10.4
Walnut Creek	78,848	31,480	46.5	430	0.3	48.8
Unincorp. Contra Costa County	58,254	57,246	21.2	7,443	2.7	30.0
Contra Costa County Total	948,816	354,577	26.1	25,835	1.5	19.6

Multi-family Housing Development
Bay Area, 2000-2004

Jurisidiction	Population (2000)	Total housing units (2000)	%Multi-family (2000)	Total Units permitted (2000-2004)	Annual "Growth Rate" (2000-2004)	Units permitted % multi-family (2000-2004)
Marin County						
Belvedere	2,125	1,060	12.9	12	0.2	-
Corte Madera	9,242	3,841	21.3	12	0.1	-
Fairfax	8,548	3,387	26.2	9	0.1	-
Larkspur	24,804	6,452	56.4	36	0.1	-
Mill Valley	24,488	6,281	26.4	41	0.1	9.8
Novato	52,907	18,975	28.7	1,644	1.8	25.3
Ross	2,329	820	2.4	14	0.4	-
San Anselmo	14,740	5,455	23.2	44	0.2	4.5
San Rafael	68,582	22,963	45.6	634	0.6	74.3
Sausalito	10,764	4,533	52.8	48	0.2	54.2
Tiburon	14,720	3,906	32.9	138	0.7	25.4
Unincorp. Marin County	14,040	27,317	17.7	453	0.3	9.3
Marin County Total	247,289	104,990	31.3	3,085	0.6	32.3
Napa County						
American Canyon	9,784	3,279	27.8	1,730	10.9	-
Calistoga	5,190	2,249	49.2	38	0.3	-
Napa	75,940	27,758	30.1	1,289	1.0	47.2
St. Helena	5,951	2,708	31.4	51	0.4	7.8
Yountville	3,297	1,133	32.2	24	0.4	8.3
Unincorp. Napa County	24,279	11,427	10.3	557	1.0	-
Napa County Total	124,441	48,554	26.3	3,689	1.6	16.7
San Francisco						
San Francisco	776,733	346,527	67.9	7,967	0.5	95.4
San Mateo County						
Atherton	7,194	2,505	0.3	105	0.9	-
Belmont	25,287	10,628	35.6	204	0.4	52.9
Brisbane	3,597	1,818	30.8	72	0.8	-
Burlingame	29,354	12,858	49.3	137	0.2	27.7
Colma	1,187	353	28.6	87	5.1	18.4
Daly City	108,783	31,253	35.0	332	0.2	2.1
East Palo Alto	29,506	7,059	43.7	894	2.6	57.4
Foster City	28,803	12,009	39.4	471	0.8	99.8
Half Moon Bay	11,842	4,151	24.4	299	1.5	35.8
Hillsborough	10,825	3,804	0.2	89	0.5	-
Menlo Park	35,254	12,738	38.9	127	0.2	-
Millbrae	20,718	8,114	31.2	174	0.4	67.2
Pacifica	38,445	14,255	22.5	114	0.2	17.5
Portola Valley	6,905	1,809	14.6	59	0.7	18.6

Multi-family Housing Development
Bay Area, 2000-2004

Jurisidiction	Population (2000)	Total housing units (2000)	%Multi-family (2000)	Total Units permitted (2000-2004)	Annual "Growth Rate" (2000-2004)	Units permitted % multi-family (2000-2004)
Redwood City	99,210	28,928	40.7	297	0.2	72.7
San Bruno	40,165	14,951	35.8	427	0.6	84.8
San Carlos	29,018	11,598	24.4	142	0.3	76.1
San Mateo	96,692	38,236	44.7	1,034	0.6	83.8
South San Francisco	60,732	20,161	29.0	945	1.0	52.6
Woodside	6,456	1,989	1.6	76	0.8	-
Unincorp. San Mateo County	17,190	21,359	14.5	1,494	1.4	12.2
San Mateo County Total	707,163	260,576	33.6	7,579	0.6	48.0
Santa Clara County						
Campbell	39,286	16,348	45.9	219	0.3	-
Cupertino	52,970	18,714	28.1	676	0.7	45.3
Gilroy	48,065	12,167	30.1	1,650	2.8	15.8
Los Altos	30,254	10,730	11.0	250	0.5	-
Los Altos Hills	9,455	2,835	1.1	162	1.2	-
Milpitas	62,810	17,369	24.3	687	0.8	95.5
Monte Sereno	4,284	1,237	7.4	50	0.8	-
Morgan Hill	38,156	11,110	24.2	1,041	1.9	20.9
Mountain View	70,877	32,437	60.4	728	0.5	48.5
Palo Alto	71,914	26,155	37.4	536	0.4	29.7
San Jose	941,998	281,706	32.7	16,865	1.2	74.0
Santa Clara	102,361	39,602	46.4	2,818	1.5	56.9
Saratoga	30,384	10,667	5.2	400	0.8	32.3
Sunnyvale	133,086	53,750	53.6	999	0.4	59.6
Unincorp. Santa Clara County	14,796	44,502	20.0	798	0.4	31.3
Santa Clara County Total	1,650,696	579,329	35.0	27,879	1.0	61.0
Solano County						
Benicia	26,928	10,552	25.5	347	0.7	34.6
Dixon	16,180	5,147	13.7	593	2.4	20.2
Fairfield	96,545	31,867	26.3	4,387	2.9	20.7
Rio Vista	4,715	1,989	19.5	1,152	12.0	0.2
Suisun City	26,620	8,149	14.1	569	1.4	-
Vacaville	89,304	28,675	25.2	2,735	2.0	40.5
Vallejo	119,917	41,161	27.0	2,084	1.0	6.7
Unincorp. Solano County	14,313	6,973	12.9	237	0.7	0.8
Solano County Total	394,522	134,513	24.2	12,104	1.9	19.8
Sonoma County						
Cloverdale	7,052	2,636	23.4	566	4.4	0.7
Cotati	7,279	2545	26.8	374	3.0	34.5
Healdsburg	11,253	4,152	21.6	243	1.2	24.7
Petaluma	55,743	20,340	19.3	1,007	1.0	46.3

Multi-family Housing Development
Bay Area, 2000-2004

Jurisidiction	Population (2000)	Total housing units (2000)	%Multi-family (2000)	Total Units permitted (2000-2004)	Annual "Growth Rate" (2000-2004)	Units permitted % multi-family (2000-2004)
Rohnert Park	42,236	15,820	40.8	666	0.9	98.2
Santa Rosa	165,849	57,514	30.9	4,706	1.7	31.0
Sebastopol	8,108	3,328	32.5	82	0.5	45.1
Sonoma	9,754	4,632	30.6	496	2.2	37.7
Windsor	22,744	7,736	17.3	1,025	2.7	12.7
Unicorp. Sonoma County	128,596	64,450	14.9	1,625	0.5	5.3
Sonoma County Total	458,614	183,153	23.9	10,790	1.2	29.7
Bay Area Total	6,752,015	2,552,402	37.3	118,440	1.0	41.1